

## The complaint

Mr C complains about UK Insurance Limited ('UKI')'s handling of a claim on his home insurance.

Mr C's policy was sold and is administered by a third party company on UKI's behalf, and all his correspondence has been with this company. However, UKI is the policy underwriter, so his complaint is against UKI. Any reference to UKI in my decision includes the administrator.

## What happened

Mr C had a home insurance policy with UKI. His policy included home emergency cover for, among other things, his central heating system. In February 2024, he called UKI to report problems with his boiler. UKI sent an engineer to inspect the boiler the same day. After UKI reviewed the engineer's report it told Mr C the boiler was beyond economical repair (BER) and had to be replaced.

Mr C challenged this. After some discussion, UKI accepted it had made a mistake and offered to repair the boiler. It later told Mr C:

- Its engineer found the central heating pump wasn't running properly.
- While the engineer thought the boiler was coming to the end of its lifespan, the broken pump was the only problem at that time.
- UKI mistakenly told him the boiler was BER by email on 6 February and when he called to discuss this later the same day.
- It should have offered to either repair the boiler or pay £250 towards the cost of a new one.
- Mr C first complained about UKI's decision on 7 February. UKI reviewed the claim and offered to repair the boiler on 8 February.
- Mr C told UKI he wanted to think about this, then declined the offer on 9 February. He said he was going to replace his boiler.

UKI apologised to Mr C for causing "*a misunderstanding and a delay in you deciding how to proceed.*" It offered him £150 to reflect this.

Mr C didn't accept this and brought his complaint to this service. He says, in summary:

- UKI's engineer found his boiler needed a replacement pump and cable.
- The engineer couldn't guarantee whether a repair "*would last one year or ten*", but this would cost £300.
- UKI misled him by telling him the boiler was BER.
- This "*deliberate deception*" meant he unnecessarily spent £5,000 on a new boiler.
- UKI's actions caused him considerable emotional distress.

He wants UKI to refund the cost of the new boiler and apologise for the distress it caused. He also wants us to review UKI's business practices "*to ensure that this kind of deceitful*

*behaviour is not repeated and that other customers are not similarly misled in the future."*

Following this service's involvement, UKI increased its offer to £749.47: £449.47 representing the cost of repairing the boiler plus £300 to reflect the distress and inconvenience it caused Mr C. Our investigator thought this was fair.

Mr C didn't accept this, so his complaint was passed to me to make a final decision.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

First, Mr C has set out his concerns about UKI's business practices. As our investigator explained, we don't have the power to investigate this. That's for the UK's financial regulator, the Financial Conduct Authority (FCA). Mr C should, if he wishes, raise this directly with the FCA. Our role is only to look at what happened in the circumstances of his complaint and decide if UKI acted fairly and reasonably.

Section 5 of Mr C's policy booklet says UKI will pay for emergency assistance if the heating fails. It sets out the limit of cover: *"If there is an emergency in your home, when you call us... we will pay up to £500 (including VAT) for each emergency call out to cover the cost of the call out, labour at your home, parts"*.

The same section says: *"We won't pay to repair a boiler that is beyond economic repair."* Instead, UKI *"will pay £250 towards the cost of a new one."*

Page 55 of the policy booklet defines BER: *"When the cost of repairing your boiler exceeds 85% of the manufacturer's current retail price (or if this is not available, the average current retail price available through leading UK suppliers) for a boiler of the same make and model to your boiler."*

UKI accepts that its agent made a mistake on 6 February when she told Mr C his boiler was BER. It told us the agent based her decision on the age of Mr C's boiler – which was approximately 19 years old – rather than the cost of repairs. I've listened to the agent's phone call with Mr C, and I agree that she misinterpreted the engineer's report when she told Mr C it was BER.

However, UKI continued to hold this position when Mr C challenged it. I don't think this was reasonable, and I understand why he'd have been frustrated by this, particularly during the calls on 7 and 8 February. For example, Mr C quite reasonably pointed out that it was UKI's decision to declare the boiler BER, not the engineer's. The engineer had found the boiler could be repaired for around £450. A new boiler would cost over £4,500. At no point did UKI assess Mr C's boiler's current retail value against the cost of repairs, as per the policy terms. Mr C also pointed out – again, quite reasonably – that his policy didn't say that age and/or service history was a factor in deciding whether a boiler was BER. While age – and, potentially, service history – will affect the current retail value of the boiler, this was never explained to Mr C.

I'm also concerned that UKI's agents continued to insist that its engineer had determined the boiler was BER when this wasn't true. Indeed, the engineering company explicitly told UKI's agent that this was an insurance decision, not a technical one, while Mr C was on hold during the 7 February call.

UKI finally accepted this during the call on 8 February. At that point, it offered to either send

its engineer to repair the boiler or reimburse Mr C up to £500 for repairs by his own contractor. I'm satisfied that this is in line with the policy terms, as set out above. Mr C said he'd consider this and call back with his decision the following day.

On 9 February, Mr C declined UKI's offer to repair the boiler. He explained that he'd stopped work for three days to deal with the claim. He said: *"I just don't think it's a good enough offer really. I'd rather either get some compensation or go further down the line."* He told UKI he intended to replace it and had quotes of about £4,500 for a new one. He also declined the £250 contribution towards the new boiler.

I'm satisfied that it was Mr C's decision to replace the boiler rather than repair it. I agree that UKI made a mistake, but I'm satisfied that it eventually corrected the mistake by offering to repair the boiler. I don't accept that Mr C was *"forced"* to replace his boiler and I don't agree that he incurred a £4,500 bill because of UKI's actions.

Also, the average lifespan of Mr C's boiler, according to the manufacturer, is *"up to 15 years or more depending on regular maintenance and servicing"*. The boiler was 19 years old, so I think it would likely have had to be replaced soon anyway. I don't think it's unreasonable to see the breakdown of the pump as an early sign the boiler itself was failing. Indeed, Mr C pointed out that UKI's engineer told him he couldn't guarantee the success of any repair. All this means I don't think it would be fair to order UKI to pay for Mr C's new boiler.

Our investigator asked UKI if it would be prepared to pay Mr C what it would have cost to repair the boiler (£449.47). UKI agreed. This is much higher than its obligation under the policy terms which is limited to a £250 contribution to the new boiler. In the circumstances, I think this offer is fair.

For the reasons I set out above, I think UKI's handling of the claim caused Mr C distress and it should compensate him for this. Following this service's involvement, UKI agreed to pay Mr C £300. Having considered the level of award made by this service in similar circumstances, I think this is fair..

### **My final decision**

My final decision is that I uphold this complaint and order UK Insurance Limited to:

- Pay Mr C £449.47, representing the cost of boiler repairs.
- Pay Mr C £300 to reflect the distress it caused him in its handling of his claim.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 4 February 2025.

Simon Begley  
**Ombudsman**